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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

September 30, 1992

Donna R. Searcy
Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, D.C. 20554

Re: Ex Parte
CC Docket 92-77

Dear Ms. Searcy:

On September 25, Advanced Telecommunications Corporation sent the attached correspondence to Cheryl Tritt, Chief, Common Carrier Bureau, relating to AT&T CIID card practices. Please file this letter in the docket record.

Sincerely yours,

ADVANCED TELECOMMUNICATIONS CORPORATION

Rebecca A. Copeland
Regulatory Assistant

/rac
enclosure

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VIA AIRBORNE EXPRESS

September 25, 1992.

Ms. Cheryl Tritt
Chief, Common Carrier Bureau
Federal Communications Commission
1919 M Street, NW, Room 500
Washington, DC 20554

Re: Enforcement Proposal for "0+ in the Public Domain"
CC Docket 92-77

Dear Ms. Tritt:

Certain operator service providers have made a proposal to the Commission whereby they would agree to a voluntary "rate cap" for calls billed to AT&T CIID calling cards in exchange for the ability to validate and bill interexchange calls charged to such cards. Advanced Telecommunications Corporation ("ATC") reviewed the proposal but elected not to endorse it. This letter is to set forth ATC's position on the matter.

ATC understands the reasons for the rate cap proposal, and believes such a proposal is offered in the spirit of compromise by carriers who suffer unfairly as a result of AT&T's illegal and discriminatory CIID calling card validation policies. These OSPs apparently perceive that AT&T has been successful in using the issue of "rate gouging" as a bogeyman to dissuade regulators from ordering AT&T to cease what is clearly an unlawfully discriminatory practice under the Communications Act.¹

¹AT&T's provision of validation services to common carriers is subject to the non-discrimination requirements of § 202(a) of the Act. See Policies and Rules Concerning Local Exchange Carrier Validation and Billing Information for Joint Use Calling Cards, CC Docket No. 91-115, FCC 92-168, Report and Order and Request for Supplemental Comment, released May 8, 1992; Cf. Billed Party Preference for "0+" InterLATA calls, CC Docket 92-77, Comments of BellSouth, filed June 2, 1992 at 2-3, "AT&T's classification as a common carrier with respect to CIID validation and screening is therefore necessitated by its exclusive possession of current validation data, obtained through AT&T's activities as a dominant interexchange carrier and not subject to replication by OSP competitors."

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ATC finds it ironic that the rate issue might cause the Commission to delay in curing this discrimination. After all, GTE Airfone, a beneficiary of AT&T's discriminatory validation and billing practices, charges rates for its services which are markedly higher than the interexchange services provided by companies such as ATC. Moreover, GTE Airfone's services are provided to captive customers aboard aircraft who cannot use access codes to dial around Airfone service.²

If AT&T is correct in asserting that its calling card customers have certain rate expectations for all calls charged to their cards, why is there no public outrage over the charges GTE Airfone imposes and then collects using AT&T as the billing agent? It is precisely because rates are not the issue.

For over three years AT&T's cardholders have been inundated with information on how to use 10288 access to dial around carriers whose services they do not wish to utilize. Surely, the vast majority of these AT&T customers now understand that rates are determined by the carrier which handles the call, not by the calling card issuer or billing agent. As an example, AT&T's customers apparently understand that although AT&T's CIID card is accepted by Airfone, Airfone charges its own rates, not AT&T's. AT&T certainly does not object to this practice, even though Airfone's rates are higher.

Although ATC would support the use of a compromise to settle a difficult policy issue, the question before the Commission appears to be a fairly narrow legal one. Therefore, ATC is unable to join those OSPs offering to subject themselves to direct rate regulation in return for access to AT&T's validation and billing services. Should the Commission adopt such a proposal,

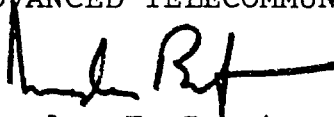
²Airfone has told the Commission that dial around is possible from aircraft using the service. See GTE Airfone, Petition for Declaratory Ruling, filed March 6, 1992, at 4-5. However, Airfone still imposes its own airtime charges for interexchange calls dialed using 800 or 950 access numbers. Thus, an Airfone end user increases the overall price of a call by dialing around. Paradoxically, Airfone requires that airtime charges for 800 or 950 calls to IXCs be billed to a calling card or a major credit card, yet Airfone does not accept any IXC calling card except for AT&T's. The benefit conferred on AT&T by this peculiar arrangement is fairly obvious.

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ATC's charges billed to CIID cards would be at or below AT&T's rates, as they are today. However, such a "compromise" would ignore the clear cut solution required by § 202 of the Communications Act. That solution is to require that all calling cards used in conjunction with "0+" dialing be made available for validation and billing by all common carriers desiring to accept the cards.

Sincerely yours,

ADVANCED TELECOMMUNICATIONS CORPORATION

A handwritten signature in black ink, appearing to read "Douglas F. Brent". The signature is stylized with a large, sweeping "D" and "B".

Douglas F. Brent
Associate Counsel

DFB/rac
tritt.db